

COUNCIL MEETING

REPORT TO COUNCIL ON FINAL BUDGET

Date : 25 May 2017
Levels : 1st Level: Council
Author : ACFO : SY

2. PURPOSE

The purpose of this report is to seek approval from Council for the Final budgets for 2017/2018 financial year.

3. LEGAL / STATUTORY REQUIREMENTS

- Municipal Finance Management Act

4. AUTHORITY

- Council

5. BACKGROUND AND REASONING

The Municipal Finance Management Act 56 of 2003 ; states that the mayor of the municipality must table Final budget to council 90 days before the start of the financial year.

The budget has been prepared and is funded appropriately.

Furthermore the municipality has prepared both A Schedules and MSCOA compliant budget, preparing for implementation by 1 July 2017.

The budget document is attached.

6. STAFF IMPLICATIONS

The document was prepared by the staff in the BTO.

7. FINANCIAL IMPLICATIONS

The Budget will be implemented in the 2017/2018 financial year .

8. OTHER PARTIES CONSULTED

- Exco

9. RECOMMENDATIONS

- That Council approves the Final budget for 2017/2018 financial year for onward submission to National and Provincial Treasury as well as communities for comments.
- That council approves the 2017/2018 mSCOA Final budget for onward submission to National and Provincial Treasury;

**SCHEDULE OF FINAL ANNUAL BUDGET AND SUPPORTING
DOCUMENTATION OF**

UBUHLEBEZWE MUNICIPALITY



**2017/2018
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS**

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In the municipal buildings**

Municipal library and the website

www.Ubuhlebezwe.org.za

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Abbreviations and Acronyms

ASGISA	Accelerated and Shared Growth Initiative	NKPIs	National Key Performance Indicators
BPC	Budget Planning Committee	OHS	Occupational Health and Safety
CFO	Chief Financial Officer	OP	Operational Plan
CM	Municipality Manager	PBO	Public Benefit Organisations
CPI	Consumer Price Index	PHC	Provincial Health Care
CRRF	Capital Replacement Reserve Fund	PMS	Performance Management System
DBSA	Development Bank of South Africa	PPE	Property Plant and Equipment
DoRA	Division of Revenue Act	PPP	Public Private Partnership
DWA	Department of Water Affairs	PTIS	Public Transport Infrastructure System
EE	Employment Equity	RG	Restructuring Grant
EEDSM	Energy Efficiency Demand Side Management	RSC	Regional Services Council
FBS	Free basic services	SALGA	South African Local Government Association
GAMAP	Generally Accepted Municipal Accounting Practice	SAPS	South African Police Service
GDP	Gross Domestic Product	SDBIP	Service Delivery Budget Implementation Plan
GDS	Gauteng Growth and Development Strategy	SMME	Small Micro and Medium Enterprise
GFS	Government Financial Statistics		
GRAP	General Recognised Accounting Practice		
HR	Human Resources		
HSRC	Human Science Research Council		
IDP	Integrated Development Plan		
IT	Information Technology		
kℓ	kilolitre		
km	kilometre		
KPA	Key Performance Area		
KPI	Key Performance Indicator		
kWh	kilowatt hour		
ℓ	litre		
LED	Local Economic Development		
M	Mayor		
MBRR	Municipal Budget & Reporting Regulations		
MEC	Member of the Executive Committee		
MFMA	Municipal Financial Management Act		
MIG	Municipal Infrastructure Grant		
MPRA	Municipal Properties Rates Act		
MSA	Municipal Systems Act		
MTEF	Medium-term Expenditure Framework		
MTREF	Medium-term Revenue and Expenditure Framework		
NERSA	National Electricity Regulator South Africa		
NGO	Non-Governmental Organisations		

UBuhlebezwe Municipality Final Budget 2017/2018

Part 1 –Final Annual Budget

1. MAYORAL BUDGET SPEECH

- Mr Speaker, Cllr Z Mngonyama;
- Deputy Mayor, Cllr EB Ngubo
- Colleagues in the Executive Committee
- Chairperson to MPAC, Cllr Jili
- Fellow Councillors
- oNdabezitha/ Amakhosi
- All Distinguished Guests present;
- The entire Management led by the Municipal Manager
- Ladies and Gentleman, and everyone present Good day

I am very honoured to be presenting the Final budget for the year ending 30 June 2018 and the MTEF ending in 2020. I am elated to present this budget which is a tool in implementing our IDP.

Our country is faced with tough economic times, with a very low economic growth, even close to non-existence. Ubuhlebezwe Municipality is not immune to this predicament. The limited resources which are required to finance the social needs, infrastructural needs, educational needs, security needs etc., of our country has led the government with no choice but to borrow money to finance the deficit in our national budget. This therefore means more expenditure in repayment of debt. We have noted with concern the decrease in our municipal allocation of conditional and unconditional grants.

Mr Speaker and council at large, the year 2017 also marks the year wherein, one of the greatest leaders, Oliver Reginald Tambo, would have turned one hundred (100) years had he been alive. O.R. Tambo was a selfless leader who fought for unity in diversity and the liberation of black people against white domination. We also acknowledge one of our fallen leaders; Thembisile 'Chris' Hani; who also in the month of April was assassinated outside his home in Dawn Park. As this council, we celebrate with the African National Congress and the world, the life of our great leaders, patriots and people who worked with the National Action Committee to draft the freedom charter. It is unfortunate that they lost their lives on the verge of democracy and never tasted the freedom that they so much fought for. Today we salute Oliver Reginald Tambo and Thembisile 'Chris' Hani as Ubuhlebezwe Municipality.

Mr Speaker, we are gathered in this fashion to table the Final budget of Ubuhlebezwe Municipality for the year 2017/18 and three outer years. I am therefore

UBuhlebezwe Municipality Final Budget 2017/2018

presenting this budget as charged by the Municipal Finance Management Act as well as the Municipal Systems Act.

The budget is prepared according to the National Treasury guidelines, the budget reforms as well as circular 86 from National Treasury.

It is also important that this council notes the fact that we adopted the gazette as issued by National Government on the new business reforms in the form of mScoa. It is within this obligation that council is expected to produce budgets that are mScoa compliant with the implementation date being 1 July 2017. Any form of change is never easy; however the municipality has pushed to ensure compliance with the laws and regulations relevant to MSCOA implementation. I am pleased to present an MSCOA compliant budget albeit more work still needs to be done.

The budget I am presenting today is characterised by Operational and Capital Budget.

SUMMARY OF THE BUDGET

Operational Budget R145 083 723

Capital Budget R83 009 663

Total Budget R227 093 386

Funding the budget – Conditional and Unconditional grants

Description	Allocation 2017	Allocation 2018	Variance	Increase/ Decrease
Equitable Share	R90 491 000	R95 443 000	R 4 954 000	↑
Electrification	R30 000 000	R20 000 000	(R10 000 000)	↓
Finance Management Grant	R 1 825 000	R 1 900 000	R 75 000	↑
EPWP	R 1 950 000	R 1 000 000	R 950 000	↓
Library Grant	R 559 000	R 583 000	R 24 000	↑
Library Cyber	R 179 000	R 188 000	R 9 000	↑
MIG	R24 053 000	R27 330 000	R 3 277 000	↑

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Mr Speaker, the municipality must tighten its belt and strategically allocate the scarce resources in order to try and meet the service delivery needs of the people of Ubuhlebezwe. I am saying this considering the fact that Ubuhlebezwe Municipality has fourteen wards due to demarcation as opposed to the twelve wards in the prior years.

Mr Speaker, Section 6(1) of the Municipal Systems Amendment Act states ***“a municipality’s administration is governed by the democratic values and principles embodied in section 195(1) of the Constitution”***.

Section 6(2) (a) further requires each municipality ***“to be responsive to the needs of local community and to facilitate a culture of public service and accountability amongst staff”***

The budget is presented in detail below as required by the MFMA and the Municipal Budget Regulations.

As council and management, it is our responsibility to ensure that the budget presented today is credible and implementable. It is through this kind of unity that the flag of Ubuhlebezwe will be lifted. We are also not complacent and have put it upon ourselves to ensure that we “copy good things” from other institutions.

Khansela Mngonyama nendlu yonke, sengiyivala inkulumo yami, ngizovala ngamazwi eqhawe lenkululeko yethu, umnu O.R. Tambo; njengoba sigubha iminyaka eyikhulu azalwa u Mnumzana Oliver Reginald “Kaizana” Tambo. Amazwi akhe athi: “It is our responsibility to break down barriers of division and create a country where there will be neither whites nor blacks, just South Africans, free and united in diversity”

Kanye namazwi athulwa ngu Thembisile ‘Chris’ Hani “I’ve never wanted to spare myself because I feel there are people who are no longer around and died for this struggle. What right do I have to hold back, to rest, to preserve my health, to have time with my family, when there are other people who are no longer alive – when they sacrificed what is precious: namely life itself”.

Ngiyabonga

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1.2 Council Resolutions 5

The Council of Ubuhlebezwe Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

- *That the annual budget of the municipality for the financial year 2017/2018 ; and indicative allocations for the two projected outer years 2018/2019 and 2019/2020 and related policies be approved, as set out in the following schedules and annexure:*

6.1	Budget summary	A1 Sum	
6.2	Budgeted financial performance (revenue and expenditure by standard classification)	A2 FinPerf	
6.3	Budgeted financial performance (revenue and expenditure by municipal vote)	A3 FinPerf	
6.4	Budgeted financial performance (revenue and expenditure)	A4 FinPerf	
6.5	Budgeted capital expenditure by vote, standard classification and funding	A5 CapEx	
6.6	Budgeted financial position	A6 FinPos	
6.7	Budgeted cash flows	A7 CFlow	
6.8	Cash backed reserves/accumulated surplus reconciliation	A8 ResRecon	
6.9	Asset management	A9 Asset	
6.10	Basic service delivery measurement	A10 SerDel	

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1.3 EXECUTIVE SUMMARY

1.3.1 Introduction

This 2016 to 2020 Tabled Medium Term Revenue and Expenditure Framework(MTREF) Budget Report deals with the operating budget and tariff proposals as well as the capital budget and funding sources proposal to ensure that Ubuhebezwe Municipality renders services to their local community in a financially sustainable manner.

1.3.2 Past performance

Ubuhebezwe Municipality has now attained Clean audit reports for the past preceding three years and an unqualified audit opinion for 2015/16 financial year. The audit outcomes are directly aligned to performance and service delivery. The good results positively reflect service delivery improvements as well as good financial management. Good performance reflects a positive image of Ubuhebezwe leadership in rendering its services, transparency and equally its ability to render services to the community at large.

1.3.3 Financial Sustainability

Financial sustainability over the long-term has to do with the maintenance of high priority expenditure programs, both operating and capital, to ensure program sustainability and desired quality of services to be rendered. There must also be rates and service charges stability and predictability in the overall rate burden by ensuring reasonable rates and service charges to fund programs.

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

Back to basics

Speaker and fellow Councillors, we all aware of the concept of Back to basics and the importance of implementing a back to basic plan. We are fortunate that through the COGTA assessment, UBuhebezwe Municipality was found to be functional, but we must still make every effort to improve on upholding the 5 pillars of the Back to Basics concept and improve the lives of our citizens.

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1.3.4 Budget Summary

The following table is a consolidated overview of the proposed 2017/2018 Final budget and medium term revenue and expenditure framework:

Table 1 Consolidated Overview of the 2017/2018

KZN434 Ubuhebezwe - Table A1 Consolidated Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Financial Performance										
Property rates	12 410	12 349	12 980	15 754	10 898	0	0	15,748	16,535	17,362
Service charges	1,478	1,464	1,878	1 991	1,691	1,896	1,618	1,991	2,090	2,195
Investment revenue	3,793	5,446	3000	4 000	7,500	10,321	5 049	7,000	7,350	7,718
Transfers recognised - operational	71,011	80,757	90,100	95 039	95,039	98,209	80 100	99,114	104,070	109,273
Other own revenue	5,458	6,250	4 585	5 309	5,368	5,517	7 681	35,995	37,794	39,684
Total Revenue (excluding capital transfers and contributions)	94 156	106 327	112 543	122 092	120,501	115 944	94 448	159,847	167,839	176,231

Total operating revenue has increased by 14% from the adjustments budget of 2017/2018. The municipality has budgeted R5 million for the sale of land which has also contributed to the increase. Furthermore the Equitable Share has increased by R4, 9 million compared to the current year. Whilst this may sound as an increase, it must be noted that Ubuhebezwe Municipality inherited two wards from Umzumbe Municipality. This therefore means more wards to be serviced with the limited resources.

Total revenue equals to R207 681 084 and Total operating expenditure for the 2017/2018 financial year has been appropriated at R145 083 723 including Non-Cash Items of R20 500 000. This therefore translates into a surplus of R62 597 361, which effectively finances the capital expenditure. When compared to the 2016/2017 Adjustments Budget, operational expenditure has increased by R14 223 000 which is 11% of the adjustments budget. Whilst other operational grants, like the EPWP grant have decreased with almost 50%, the equitable share has increased by R4, 9 million contributing to the increase in operational expenditure.

The capital budget of R83 009 663 for 2017/2018 which is R16,034,159.75 more than the adjustments budget and further translates to an increase of 19 %. The budget is mainly funded by conditional grants with own revenue only set at 23% of the capital budget.

1.4 Operating Revenue Framework 8

For Ubuhebezwe Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic

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times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding, hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is being reviewed for relevance and effectiveness. The municipality has also embarked on a stringent data cleansing to ensure that revenues due to the municipality are received and timeously. The municipality has seen significant improvements on revenue collection for the months of January and February 2017 due to this exercise. The strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy
- Efficient revenue management, which aims to ensure a 99 per cent annual collection rate for property rates and other key service charges,
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) MPRA,
- Increase ability to extend new services and recover costs
- The municipality's Indigent Policy and rendering of free basic services and
- Tariff policies of the Municipality

The following table is a summary of the 2017/2018 MTREF (classified by main revenue source):

KZN434 Ubuhlebezwe - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source											
Property rates	2	12,410	12,349	12,980	15,754	10,898	—	—	15,748	16,535	17,362
Service charges - refuse revenue	2	1,478	1,454	1,878	1,991	1,691	1,896	1,618	1,991	2,090	2,195
Service charges - other		—	—	—	—	—	—	—	—	—	—
Rental of facilities and equipment		856	811	474	500	524	1,005	810	500	525	551
Interest earned - external investments		3,793	5,446	3,000	4,000	7,500	10,321	5,049	7,000	7,350	7,718
Interest earned - outstanding debtors		—	—	—	—	—	—	—	—	—	—
Dividends received		—	—	—	—	—	—	—	—	—	—
Fines		188	264	200	250	250	805	916	250	263	276
Licences and permits		3,234	3,507	3,020	3,560	3,560	2,664	3,452	3,695	3,880	4,074
Agency services		—	—	700	720	720	701	757	835	877	921
Transfers recognised - operational		71,011	80,757	90,100	95,039	95,039	98,209	80,100	99,114	104,070	109,273
Other revenue	2	1,186	1,675	191	279	320	343	1,744	30,715	32,250	33,863
Gains on disposal of PPE		—	—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)		94,156	106,263	112,543	122,092	120,501	115,944	94,448	159,847	167,839	176,231

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The total operating revenue for 2017/2018 is R 159 847 000 including Grants Allocations.

- **Government Subsidies/ Grants**

In line with the formats prescribed by Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus or deficit.

The table below reflects all government grants categorised per function.

Description	Allocation 2017	Allocation 2018	Variance	Increase/ Decrease
CAPITAL GRANTS				
Electrification	R30 000 000	R20 000 000	(R10 000 000)	↓
MIG	R24 053 000	R27 330 000	R 3 277 000	↑
TOTAL	R54 053 000	R47 330 000	R 6 723 000	↓
OPERATIONAL GRANTS				
Equitable Share	R90 491 000	R95 443 000	R 4 954 000	↑
Finance Management Grant	R 1 825 000	R 1 900 000	R 75 000	↑
EPWP	R 1 950 000	R 1 000 000	(R 950 000)	↓
Library Grant	R 559 000	R 583 000	R 24 000	↓
Library Cyber	R 179 000	R 188 000	R 9 000	↓
TOTAL	R95 004 000	R99 114 000	R4 088 024	↑

Grants remain the largest revenue source.

- **Property Rates**

The municipality has resolved to increase the rates and service charges by 5%. This led to the budget for rates to be R 15 748 000 for the 2017/2018 financial year. The municipality has effected this increase notwithstanding the fact that the budget for rates was adjusted downwards during the current financial year. The revenue collection strategies and data cleansing is reflecting a positive feedback, which

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invariable so, means more revenue collection. The municipality will implement a new valuation roll effective from the 1 July 2018.

Comparison of proposed rates to levied for the 2017/2018 financial year

KZN434 Ubuhebezwe - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source											
Property rates	2	12,410	12,349	12,980	15,754	10,898	-	-	15,748	16,535	17,362
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-

The amounts reflected above are after considering revenue forgone and rebates.

- Refuse / Service Charges**

This refers to refuse removal income that the municipality collects as budgeted. The proposed budget for services amounted to R 1 990 710 for 2017/2018.

The municipality is also cognisant of the fact that the budget for refuse was adjusted downwards during the current financial year. However the revenue collection improvements are a core reason for the budget to be set at R1.9million.

Below is a revenue collection chart which reflects billed amounts versus cash collected:

2016 - 2017 Collection Rate						
	M T D					Y T D
	July	August	February	March	April	Total
Receipts	160,657.54	342,931.97	623,179.51	523,436.67	193,675.75	4,624,712.22
Rates	6,933,607.75	790,866.46	798,751.12	798,751.12	798,685.85	14,108,015.38
Collection Rate	2.32%	43.36%	78.02%	65.53%	24.25%	32.78%
Receipts	64,853.25	88,445.83	140,924.26	119,841.00	56,336.16	969,928.27
Refuse	143,242.08	143,348.31	149,351.97	149,458.20	149,436.65	1,465,816.91
Collection Rate	45.28%	61.70%	94.36%	80.18%	37.70%	66.17%
Receipts	36,771.26	39,884.83	40,794.71	66,979.52	31,462.06	418,489.56
Rentals	47,907.48	47,907.48	59,392.22	58,890.02	58,890.02	525,320.66
Collection Rate	76.75%	83.25%	68.69%	113.74%	53.43%	79.66%
Total Rec	262,282.05	471,262.63	804,898.48	710,257.19	281,473.97	6,013,130.05
Total Billing	7,124,757.31	982,122.25	1,007,495.31	1,007,099.34	1,007,012.52	16,099,152.95
Total Rate	3.68%	47.98%	79.89%	70.53%	27.95%	37.35%

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The municipality's tariff of refuse collection is not cost reflective, due to affordability of the community as well as unemployment rate within the municipal area. The section is therefore run at a loss and funded by the municipal funds.

An increase of 5% on tariffs has been used across the board.

KZN434 Ubuhlebezwe - Table A1 Consolidated Budget Summary

Description R thousands	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Financial Performance										
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Investment revenue	3,793	5,446	3000	4 000	7,500	10,321	5 049	7,000	7,350	7,718
Transfers recognised - operational	71,011	80,757	90,100	95 039	95,039	98,209	80 100	99,114	104,070	109,273
Other own revenue	5,458	6,250	4 585	5 309	5,368	5,517	7 681	35,995	37,794	39,684
Total Revenue (excluding capital transfers and contributions)	94 156	106 327	112 543	122 092	120,501	115 944	94 448	159,847	167,839	176,231

Comparison between current waste removal fees and increases

REFUSE REMOVAL	2016/17	2017/2018
Small Business	R 833.45	R875.12
Big Business	R 2 428.70	R2 550.14
Residential	R 121.10	R127.15
Welfare	R 25.79	R27.04
Fairview and other low cost housing projects	R 25.79	R27.04
Garden Refuse Removal per load	R 181.26	R190.32
Builder's Waste	R 196.13	R205.94
Purchases of Refuse Bins, each	Cost + 10%	Cost + 10%

Refuse Containers / Skip Bins: (Supply once off, per per agreement container)

Removal per month	per agreement
For the processing of any application received for the disposal of domestics refuse in those cases where disposal is undertaken by the owner into bylaws 2(2)	

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Solid Waste Bylaws	R 533.94	R 560.64
Recovery of enforcement costs in terms of bylaw 22(4)	Actual cost	Actual cost

- Rental**

This refers to rental for municipal facilities, the municipality budgeted the amount of R 500 000.

- Traffic Fines**

Traffic Fines budget remains at R 250 000.

- Interest on Investments**

This refers to funds invested by the municipality on various institutions, for less than one year, we have budgeted an amount of R 7 500 000, reduced from R 7 000 000.

- Licence and Permit**

The Municipality has budgeted to collect R 3 695 000 from Licence and Permit.

- Agency Services**

The Municipality has budgeted to collect R 835 000 from Agency Services.

1.5 Operating Expenditure Framework 11

The total operating expenditure for 2017/2018 financial year has been appropriated at R145 082 723. The Municipality's expenditure framework for the 2017/18 budget is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit
- Funding of the over the medium-term as informed by Section 18 and 19 of the MFMA,
- Strict adherence to the principle of no project plans no budget. If there is no business plan no funding allocation can be made.

Expenditure by Source Table

KZN434 Ubuhebezwe - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework
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UBuhlebezwe Municipality Final Budget 2017/2018

R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Expenditure By Type	-										
Employee related costs	2	34,716	41,192	55,135	60,566	56,496	51,871	51,871	67,685	71,069	74,623
Remuneration of councillors		6,893	7,180	7,556	9,855	9,855	7,068	7,068	9,855	10,348	10,865
Debt impairment	3	4,835	5,218	1,700	1,900	1,900	1,300	1,300	1,900	1,995	2,095
Depreciation & asset impairment	2	12,610	16,627	18,000	19,000	19,000	19,017	15,328	19,000	19,950	20,948
Finance charges		101	57	-	-	-	-	-	-	-	-
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	2,762	2,339	4,311	2,994	3,349	13,658	3,252	4,186	4,396	4,615
Contracted services		4,405	4,962	6,073	6,484	6,286	3,385	3,385	6,316	6,632	6,963
Transfers and grants		1,115	1,514	2,465	4,435	3,935	-	-	4,221	4,432	4,654
Other expenditure	4, 5	20,699	21,959	29,430	-	29,593	62,633	62,633	31,921	33,517	35,192
Loss on disposal of PPE		375	3,095	-	29,462	-	-	-	-	-	-
Total Expenditure		88,512	104,144	124,671	134,696	130,415	158,932	144,836	145,084	152,338	159,955
Surplus/(Deficit)		5,644	2,118	(12,128)	(12,604)	(9,914)	(42,988)	(50,389)	14,763	15,501	16,277
Transfers recognised - capital		28,052	60,238	73,624	58,280	62,882	42,659	42,659	47,834	50,226	52,737
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		33,696	62,356	61,496	45,675	52,969	(329)	(7,730)	62,597	65,727	69,014
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		33,696	62,356	61,496	45,675	52,969	(329)	(7,730)	62,597	65,727	69,014
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		33,696	62,356	61,496	45,675	52,969	(329)	(7,730)	62,597	65,727	69,014
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		33,696	62,356	61,496	45,675	52,969	(329)	(7,730)	62,597	65,727	69,014

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- **Employee Related Costs**

This refers to the salaries and benefits paid to employees, currently the municipality has tentatively budgeted 7.36% for salary increases. The proposed total cost to employer amount to R67 685 000. This amount excludes the Councilors Remuneration which is R9 855 000. The amount of employee related costs also includes new position that were previously not funded in the budget but approved in the Municipality's organogram.

- **Provision for doubtful debts.**

The provision of debt impairment was determined based on an annual collection rate. For the 2017/2018 financial year this amount equates to R1 500 000. While this expenditure is considered to be non-cash item, it informed the cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

- **Depreciation**

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the rate asset consumption. Budget appropriations in this regard total R19 000 000 for the 2017/2018 financial year and equates to 8 per cent of the total operating expenditure.

- **Repairs and Maintenance**

In line with repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure assets. The amount of R 4 186 385 000 has been budgeted for 2017/2018.

- **Contracted Services**

The budget of R 6 316 000 has been set aside for contracted services, this refers to lease payable for printing and photocopying machines that municipality is using, security, car tracker, Insurance ect.

- **Transfers and Grants/ Free Basic Services**

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The budget of R 4 221 000 has been set aside.

- **Other Expenditure**

Other expenditure is the general expenditure incurred by the municipality for its operations, the amount of R31 194 500 is projected.

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Community Development Programmes/Projects

PROGRAMMES	2016/2017	2017/2018
Bursary Youth	600 000	600 000
Disaster Management	250 000	
Grant in aid	10 000	10 000
Marketing and Tourism	60 000	295 000
Moral Generation	120 000	120 000
Performing Arts	320 000	570 000
Back To School	15 000	0
Arts and Culture	250 000	0
Gender Development	300 000	0
Youth Programs	200 000	200 000
HIV/AIDS Awareness	150 000	200 000
Ward Committee	1 235 000	1 300 000
Public Participation	150 000	150 000
LED Projects	1 500 000	1 500 000
Stakeholders forum	50 000	50 000
Garden Manure and Tree	100 000	32 000
Community upliftment		300 000

The above “soft project” are budgeted for in the operational budget.

1.6 Capital expenditure

Capital expenditure funding is funded by grants which is an amount of R27 330 000 from MIG and R20 000 000 for Electrification from COGTA respectively. Other expenditure of R 35 175 612 is funded from internally generated funds.

Summary of Capital Expenditure

MIG	R 27 330 000
Electrification	R 20 000 000
Internal Funded	R 35 175 612
Small town rehabilitation – Roll over	R504 052
Total	R83 009 663

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Capital Expenditure per Category

Recon per Category	
Infrastructure - Road transport MIG	27,386,551.17
Sports Fields & Stadiums	10,657,812.45
General vehicles	1,300,000.00
Plant & Equipment	350,000.00
Office & IT Equipment	1,884,500.00
Office Furniture	460,800.00
Other Buildings	12,105,000.00
Intangible	460,000.00
ELECTRIFICATION PROJECTS	19,999,999.80
Other Assets	8,405,000.00
TOTAL	83,009,663.42

1.7 Annual Budget Tables-

1.7.1 Explanatory notes to MBRR Table A1-Budget Summary for 2017/2018 Financial year.

- Table A1 is a budget summary and provides a concise overview of Ubuhlebezwe Local Municipality's budget from all the major financial perspectives (operating, capital expenditure, financial position, cash flow and MFMA funding compliance).
- The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
- Financial management reforms emphasises the importance of the municipal budget being funded. The Budget Summary provides the key information in this regard;
 - Transfer recognised is reflected on the Financial Performance Budget
 - Internally generated funds are financed from a combination of the operating surplus and accumulated cash-backed surplus from previous years. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
- Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The municipality is committed to provide free basic services to the needy community. In addition, the municipality continues to make progress in addressing service delivery backlogs.

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KZN434 Ubuhebezwe - Table A1 Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Financial Performance										
Property rates	12,410	12,349	12,980	15,754	10,898	–	–	15,748	16,535	17,362
Service charges	1,478	1,454	1,878	1,991	1,691	1,896	1,618	1,991	2,090	2,195
Investment revenue	3,793	5,446	3,000	4,000	7,500	10,321	5,049	7,000	7,350	7,718
Transfers recognised - operational	71,011	80,757	90,100	95,039	95,039	98,209	80,100	99,114	104,070	109,273
Other own revenue	5,464	6,257	4,585	5,309	5,374	5,517	7,681	35,995	37,794	39,684
Total Revenue (excluding capital transfers and contributions)	94,156	106,263	112,543	122,092	120,501	115,944	94,448	159,847	167,839	176,231
Employee costs	34,716	41,192	55,135	60,566	56,496	51,871	51,871	67,685	71,069	74,623
Remuneration of councillors	6,893	7,180	7,556	9,855	9,855	7,068	7,068	9,855	10,348	10,865
Depreciation & asset impairment	12,610	16,627	18,000	19,000	19,000	19,017	15,328	19,000	19,950	20,948
Finance charges	101	57	–	–	–	–	–	–	–	–
Materials and bulk purchases	2,762	2,339	4,311	2,994	3,349	13,658	3,252	4,186	4,396	4,615
Transfers and grants	1,115	1,514	2,465	4,435	3,935	–	–	4,221	4,432	4,654
Other expenditure	30,315	35,235	37,203	37,846	37,780	67,317	67,317	40,137	42,143	44,250
Total Expenditure	88,512	104,144	124,671	134,696	130,415	158,932	144,836	145,084	152,338	159,955
Surplus/(Deficit)	5,644	2,118	(12,128)	(12,604)	(9,914)	(42,988)	(50,389)	14,763	15,501	16,277
Transfers recognised - capital	28,052	60,238	73,624	58,280	62,882	42,659	42,659	47,834	50,226	52,737
Contributions recognised - capital & contributed a	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	33,696	62,356	61,496	45,675	52,969	(329)	(7,730)	62,597	65,727	69,014
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	33,696	62,356	61,496	45,675	52,969	(329)	(7,730)	62,597	65,727	69,014
Capital expenditure & funds sources										
Capital expenditure										
Transfers recognised - capital	–	283,117	87,609	25,912	70,745	71,693	71,693	83,010	87,160	91,518
Public contributions & donations	–	238,228	80,566	54,706	54,706	54,654	54,654	47,834	50,226	52,737
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	–	477	–	–	–	–	–	–	–	–
Internally generated funds	–	44,412	6,749	11,207	15,589	1,582	1,582	35,176	36,934	38,781
Total sources of capital funds	–	283,117	87,314	65,912	70,294	56,236	56,236	83,010	87,160	91,518
Financial position										
Total current assets	51,931	95,088	54,655	101,087	101,087	–	–	103,109	94,767	96,662
Total non current assets	240,426	263,160	236,360	295,461	295,461	–	–	294,711	311,007	317,227
Total current liabilities	20,250	23,947	4,862	20,668	20,668	430	–	21,082	21,501	21,932
Total non current liabilities	5,706	5,543	4,346	5,543	5,543	–	–	5,590	5,701	5,815
Community wealth/Equity	266,402	328,758	281,808	370,336	370,336	–	–	371,148	378,571	386,142
Cash flows										
Net cash from (used) operating	43,559	84,951	(27,586)	69,040	100,709	–	–	83,497	141,516	143,388
Net cash from (used) investing	(10,038)	(68,457)	–	(88,188)	(65,912)	–	–	(47,834)	(50,226)	(52,737)
Net cash from (used) financing	(286)	(558)	–	–	–	–	–	–	–	–
Cash/cash equivalents at the year end	90,993	81,970	54,383	44,584	87,969	–	53,172	138,893	230,183	320,835
Cash backing/surplus reconciliation										
Cash and investments available	66,033	81,970	44,584	87,969	87,969	–	–	89,728	81,119	82,741
Application of cash and investments	19,378	21,198	(61,241)	13,676	(8,012)	–	–	11,260	11,483	11,714
Balance - surplus (shortfall)	46,655	60,772	105,824	74,293	95,981	–	–	78,468	69,635	71,028
Asset management										
Asset register summary (WDV)	13,506	12,814	20,716	13,735	78,660	64,925	294,711	294,711	311,007	317,227
Depreciation & asset impairment	12,610	16,627	18,000	19,000	19,000	19,017	19,000	19,000	19,950	20,948
Renewal of Existing Assets	–	–	–	–	462	462	–	26,631	27,963	29,361
Repairs and Maintenance	–	–	–	–	–	–	4,186	4,186	4,396	4,615
Free services										
Cost of Free Basic Services provided	–	–	–	–	–	–	–	–	–	–
Revenue cost of free services provided	6,590	7,587	–	–	–	–	–	–	6,600	6,930
Households below minimum service level										
Water:	–	–	–	–	–	–	11	11	11	12
Sanitation/sew erage:	–	–	–	–	–	–	13	13	14	15
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	–	–	–	0	–	–	0	0	0	0

1.7.2 Explanatory notes to MBRR Table A2-Budgeted Financial Performance (revenue and expenditure by standard classification)

Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into its functional areas. Municipal revenue, operating expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports

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KZN434 Ubuhebezwe - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue - Standard										
<i>Governance and administration</i>		77,044	89,125	110,093	112,405	111,114	92,683	150,932	158,478	166,402
Executive and council	25	10	–	–	–	–	–	–	–	–
Budget and treasury office	76,088	88,128	108,808	112,155	110,840	90,798	145,682	152,966	160,614	
Corporate services	931	987	1,286	250	274	1,885	5,250	5,513	5,788	
<i>Community and public safety</i>		4,098	4,952	4,943	4,797	4,797	5,431	4,930	5,176	5,435
Community and social services	577	737	875	1,022	1,022	741	1,055	1,107	1,163	
Sport and recreation	63	384	121	–	–	–	–	–	–	–
Public safety	3,406	3,773	3,947	3,775	3,775	4,691	3,875	4,069	4,272	
Housing	51	58	–	–	–	–	–	–	–	–
Health	–	–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		40,010	70,619	85,823	61,180	65,782	50,497	49,829	52,321	54,937
Planning and development	30,200	62,062	79,316	58,415	63,017	48,883	47,969	50,368	52,886	
Road transport	9,810	8,557	6,508	2,765	2,765	1,614	1,860	1,953	2,051	
Environmental protection	–	–	–	–	–	–	–	–	–	–
<i>Trading services</i>		1,596	1,464	1,682	1,991	1,691	1,618	1,991	2,090	2,195
Waste management	1,596	1,464	1,682	1,991	1,691	1,618	1,991	2,090	2,195	
<i>Other</i>	4	–	–	–	–	–	–	–	–	–
Total Revenue - Standard	2	122,748	166,160	202,542	180,372	183,383	150,229	207,681	218,065	228,968
Expenditure - Standard										
<i>Governance and administration</i>		53,778	65,419	52,736	81,554	78,921	62,904	85,447	89,720	94,205
Executive and council	13,496	14,980	17,304	22,614	22,130	16,757	23,930	25,127	26,383	
Budget and treasury office	24,893	28,197	14,073	37,525	36,200	28,192	37,269	39,132	41,089	
Corporate services	15,389	22,241	21,360	21,414	20,590	17,955	24,248	25,461	26,734	
<i>Community and public safety</i>		13,370	16,274	24,841	21,833	21,603	32,630	25,674	26,957	28,305
Community and social services	6,446	6,921	13,626	9,123	8,519	22,138	9,718	10,204	10,714	
Sport and recreation	565	625	705	672	672	920	723	759	797	
Public safety	5,993	7,873	9,522	12,039	11,522	8,821	13,968	14,667	15,400	
Housing	366	855	988	–	891	750	1,265	1,328	1,394	
Health	–	–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		15,939	16,266	33,204	22,804	21,324	27,124	23,835	25,027	26,278
Planning and development	10,761	10,615	16,851	14,913	14,104	17,720	14,616	15,347	16,114	
Road transport	5,179	5,651	16,353	7,892	7,221	9,404	9,219	9,680	10,164	
Environmental protection	–	–	–	–	–	–	–	–	–	–
<i>Trading services</i>		4,862	6,176	7,120	8,505	8,566	5,896	10,128	10,634	11,166
Waste management	4,862	6,176	7,120	8,505	8,566	5,896	10,128	10,634	11,166	
<i>Other</i>	4	–	–	–	–	–	–	–	–	–
Total Expenditure - Standard	3	87,949	104,134	117,901	134,696	130,415	128,554	145,084	152,338	159,955
Surplus/(Deficit) for the year		34,798	62,026	84,641	45,675	52,969	21,675	62,597	65,727	69,014

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1.7.3 Explanatory notes to MBRR Table A3-Budgeted Financial Performance (revenue and expenditure by municipal vote)

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure. This means it is possible to present the operating surplus or deficit of a vote. The table shows the analysis of the surplus or deficit

KZN434 Ubuhebezwe - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	Ref	2013/14	2014/15	2015/16	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue by Vote	1									
Vote 1 - Executive and Council		25	10	–	–	–	–	–	–	–
Vote 2 - BUDGET AND TREASURY		76,088	88,128	108,808	112,155	110,840	90,798	145,682	152,966	160,614
Vote 3 - CORPORATE SERVICES		931	987	1,286	250	274	1,885	5,250	5,513	5,788
Vote 4 - COMMUNITY AND SOCIAL SERVICES		577	737	875	1,022	1,022	741	1,055	1,107	1,163
Vote 5 - SPORTS AND RECREATION / PARKS		63	384	121	–	–	–	–	–	–
Vote 6 - PUBLIC SAFETY		3,406	3,773	3,947	3,775	3,775	4,691	3,875	4,069	4,272
Vote 7 - HOUSING		51	58	–	–	–	–	–	–	–
Vote 8 - PLANNING AND DEVELOPMENT		2,260	1,789	25	135	135	6,224	135	142	149
Vote 9 - ROADS TRANSPORT		37,750	68,830	85,799	61,045	65,647	44,273	49,694	52,179	54,788
Vote 10 - WASTE MANAGEMENT		1,596	1,464	1,682	1,991	1,691	1,618	1,991	2,090	2,195
Total Revenue by Vote	2	122,748	166,160	202,542	180,372	183,383	150,229	207,681	218,065	228,968
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive and Council		13,496	14,980	15,784	22,614	22,080	20,302	23,930	25,127	26,383
Vote 2 - BUDGET AND TREASURY		24,893	28,197	14,073	37,525	36,200	28,192	37,269	39,132	41,089
Vote 3 - CORPORATE SERVICES		15,389	22,241	21,360	21,414	20,590	17,955	24,248	25,461	26,734
Vote 4 - COMMUNITY AND SOCIAL SERVICES		6,446	6,921	6,921	9,123	8,519	22,138	9,718	10,204	10,714
Vote 5 - SPORTS AND RECREATION / PARKS		565	625	625	672	672	920	723	759	797
Vote 6 - PUBLIC SAFETY		5,993	7,873	7,873	12,039	11,422	7,759	13,968	14,667	15,400
Vote 7 - HOUSING		366	855	855	1,181	891	750	1,265	1,328	1,394
Vote 8 - PLANNING AND DEVELOPMENT		7,047	6,418	6,418	7,311	7,209	10,015	7,791	8,180	8,589
Vote 9 - ROADS TRANSPORT		8,893	9,848	9,848	14,313	14,266	17,109	16,044	16,846	17,689
Vote 10 - WASTE MANAGEMENT		4,862	6,176	7,120	8,505	8,566	5,896	10,128	10,634	11,166
Total Expenditure by Vote	2	87,949	104,134	90,876	134,696	130,415	131,036	145,084	152,338	159,955
Surplus/(Deficit) for the year	2	34,798	62,026	111,666	45,675	52,969	19,193	62,597	65,727	69,014

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1.7.4 Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

Total revenue is estimated at R206 681 084 000 in 2017/2018. Out of that revenue is an amount of R15 748 000 which is estimated to be collected from property rates.

Transfers recognised-operating includes the local government equitable share and other grants from national and provincial government. It is noted that the grants remains a significant and high funding source for the municipality.

KZN434 Ubuhebezwe - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1										
Revenue By Source											
Property rates	2	12,410	12,349	12,980	15,754	10,898	–	–	15,748	16,535	17,362
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	1,478	1,454	1,878	1,991	1,691	1,896	1,618	1,991	2,090	2,195
Service charges - other		–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		856	811	474	500	524	1,005	810	500	525	551
Interest earned - external investments		3,793	5,446	3,000	4,000	7,500	10,321	5,049	7,000	7,350	7,718
Fines		188	264	200	250	250	805	916	250	263	276
Licences and permits		3,234	3,507	3,020	3,560	3,560	2,664	3,452	3,695	3,880	4,074
Agency services		–	–	700	720	720	701	757	835	877	921
Transfers recognised - operational		71,011	80,757	90,100	95,039	95,039	98,209	80,100	99,114	104,070	109,273
Other revenue	2	1,186	1,675	191	279	320	343	1,744	30,715	32,250	33,863
Gains on disposal of PPE		–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		94,156	106,263	112,543	122,092	120,501	115,944	94,448	159,847	167,839	176,231
Expenditure By Type											
Employee related costs	2	34,716	41,192	55,135	60,566	56,496	51,871	51,871	67,685	71,069	74,623
Remuneration of councillors		6,893	7,180	7,556	9,855	9,855	7,068	7,068	9,855	10,348	10,865
Debt impairment	3	4,835	5,218	1,700	1,900	1,900	1,300	1,300	1,900	1,995	2,095
Depreciation & asset impairment	2	12,610	16,627	18,000	19,000	19,000	19,017	15,328	19,000	19,950	20,948
Finance charges		101	57	–	–	–	–	–	–	–	–
Bulk purchases	2	–	–	–	–	–	–	–	–	–	–
Other materials	8	2,762	2,339	4,311	2,994	3,349	13,658	3,252	4,186	4,396	4,615
Contracted services		4,405	4,962	6,073	6,484	6,286	3,385	3,385	6,316	6,632	6,963
Transfers and grants		1,115	1,514	2,465	4,435	3,935	–	–	4,221	4,432	4,654
Other expenditure	4, 5	20,699	21,959	29,430	–	29,593	62,633	62,633	31,921	33,517	35,192
Loss on disposal of PPE		375	3,095	–	29,462	–	–	–	–	–	–
Total Expenditure		88,512	104,144	124,671	134,696	130,415	158,932	144,836	145,084	152,338	159,955
Surplus/(Deficit)		5,644	2,118	(12,128)	(12,604)	(9,914)	(42,988)	(50,389)	14,763	15,501	16,277
Transfers recognised - capital		28,052	60,238	73,624	58,280	62,882	42,659	42,659	47,834	50,226	52,737
Surplus/(Deficit) for the year		33,696	62,356	61,496	45,675	52,969	(329)	(7,730)	62,597	65,727	69,014

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1.7.5 Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

- Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote, capital expenditure by standard classification, and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
- The capital programme is funded by grants, donations where necessary and internally generated funds.
- Ubuhlebezwe's capital budget is mainly funded by grants with MIG and DoE (Electrification) being the highest funders. It must also be noted that the electrification project is budgeted for under capital expenditure simply because whilst the project is still work in progress it becomes capital in nature; however as soon as the project is transferred to the home owners, it then gets transferred to operational expenditure.

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KZN434 Ubuhebezwe - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure, to be appropriated	2										
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - BUDGET AND TREASURY		-	-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - COMMUNITY AND SOCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 5 - SPORTS AND RECREATION / PARKS		-	-	-	-	-	-	-	-	-	-
Vote 6 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-	-
Vote 7 - HOUSING		-	-	-	-	-	-	-	-	-	-
Vote 8 - PLANNING AND DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 9 - ROADS TRANSPORT		-	-	-	-	-	-	-	-	-	-
Vote 10 - WASTE MANAGEMENT		-	-	-	-	-	-	-	-	-	-
#REF!		-	-	-	-	-	-	-	-	-	-
#REF!		-	-	-	-	-	-	-	-	-	-
#REF!		-	-	-	-	-	-	-	-	-	-
#REF!		-	-	-	-	-	-	-	-	-	-
#REF!		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure, to be appropriated	2										
Vote 1 - Executive and Council		-	1,464	260	1,550	1,113	83	83	960	1,008	1,058
Vote 2 - BUDGET AND TREASURY		-	15,377	1,178	1,605	350	5,045	5,045	330	347	364
Vote 3 - CORPORATE SERVICES		-	24,339	1,844	3,210	1,347	150	150	2,495	2,620	2,751
Vote 4 - COMMUNITY AND SOCIAL SERVICES		-	94,394	9,525	10,899	19,264	18,793	18,793	6,970	7,318	7,684
Vote 5 - SPORTS AND RECREATION / PARKS		-	-	5,522	6,519	-	-	-	9,148	9,606	10,086
Vote 6 - PUBLIC SAFETY		-	2,292	2,292	-	1,100	250	250	220	231	243
Vote 7 - HOUSING		-	67	67	-	-	-	-	-	-	-
Vote 8 - PLANNING AND DEVELOPMENT		-	271	-	-	-	-	-	11,500	12,075	12,679
Vote 9 - ROADS TRANSPORT		-	141,212	69,279	64,405	47,571	47,621	47,621	51,387	53,956	56,654
Vote 10 - WASTE MANAGEMENT		-	3,701	3,701	-	-	-	-	-	-	-
#REF!		-	-	-	-	-	-	-	-	-	-
#REF!		-	-	-	-	-	-	-	-	-	-
#REF!		-	-	-	-	-	-	-	-	-	-
#REF!		-	-	-	-	-	-	-	-	-	-
#REF!		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	283,117	93,669	88,188	70,745	71,943	71,943	83,010	87,160	91,518
Total Capital Expenditure - Vote		-	283,117	93,669	88,188	70,745	71,943	71,943	83,010	87,160	91,518
Capital Expenditure - Standard											
Governance and administration		-	41,180	3,282	2,270	2,810	5,278	5,278	3,785	3,975	4,173
Executive and council		-	1,464	260	900	1,113	83	83	960	1,008	1,058
Budget and treasury office		-	15,377	1,178	350	350	5,045	5,045	330	347	364
Corporate services		-	24,339	1,844	1,020	1,347	150	150	2,495	2,620	2,751
Community and public safety		-	96,601	15,048	19,174	20,364	18,793	18,793	17,838	18,730	19,666
Community and social services		-	94,382	15,048	18,174	19,264	18,793	18,793	17,778	18,667	19,600
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	2,152	-	1,000	1,100	-	-	60	63	66
Housing		-	67	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		-	141,634	69,279	4,469	47,571	47,621	47,621	61,387	64,456	67,679
Planning and development		-	284	-	-	-	-	-	10,000	10,500	11,025
Road transport		-	141,351	69,279	4,469	47,571	47,621	47,621	51,387	53,956	56,654
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		-	3,701	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	3,701	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	-	283,117	87,609	25,912	70,745	71,693	71,693	83,010	87,160	91,518
Funded by:											
National Government		-	222,189	76,730	24,706	24,706	46,613	46,613	47,330	49,697	52,181
Provincial Government		-	16,039	3,836	30,000	30,000	8,040	8,040	504	529	556
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	(0)	0	-	-	-	-	-	-	-
Transfers recognised - capital	4	-	238,228	80,566	54,706	54,706	54,654	54,654	47,834	50,226	52,737
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	477	-	-	-	-	-	-	-	-
Internally generated funds		-	44,412	6,749	11,207	15,589	1,582	1,582	35,176	36,934	38,781
Total Capital Funding	7	-	283,117	87,314	65,912	70,294	56,236	56,236	83,010	87,160	91,518

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1.7.6 Explanatory notes to Table A6-Budgeted Financial Position

- Table A6 is consistent with international standards of good financial management practice, and improves understand ability for councillors and management of the impact of the budget on the statement of financial position(balance sheet)
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version.
- Any movement on the budgeted financial performance or the capital budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalent at year end.
- Table SA3 provides a detailed analysis of the major components of a number of items, including
 - Call investments deposits
 - Consumer debtors
 - Property, plant and equipment
 - Trade and other payables
 - Provisions non current
 - Change in net assets,
 - Reserves
- The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets on the municipality belong to the community.

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KZN434 Ubuhlebezwe - Table A6 Budgeted Financial Position


Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
ASSETS											
Current assets											
Cash		1,934	3,212	2,500	4,000	4,000	–	–	4,080	4,162	4,245
Call investment deposits	1	64,100	78,758	42,084	83,969	83,969	–	–	85,648	76,957	78,496
Consumer debtors	1	5,674	8,001	7,288	8,001	8,001	–	–	8,161	8,324	8,491
Other debtors		1,265	1,446	2,784	1,446	1,446	–	–	1,475	1,505	1,535
Current portion of long-term receivables		–	–	–	–	–	–	–	–	–	–
Inventory	2	(21,041)	3,671	–	3,671	3,671	–	–	3,745	3,819	3,896
Total current assets		51,931	95,088	54,655	101,087	101,087	–	–	103,109	94,767	96,662
Non current assets											
Long-term receivables		–	–	–	–	–	–	–	–	–	–
Investments		–	–	–	–	–	–	–	–	–	–
Investment property		13,026	12,814	17,586	12,814	12,814	–	–	6,411	16,941	17,280
Investment in Associate Property, plant and equipment	3	–	881	–	–	–	–	–	–	–	–
Agricultural		226,920	249,465	215,644	281,726	281,726	–	–	287,361	293,108	298,970
Biological		–	–	–	–	–	–	–	–	–	–
Intangible		–	–	–	–	–	–	–	–	–	–
Intangible		480	–	3,130	921	921	–	–	939	958	977
Other non-current assets		–	–	–	–	–	–	–	–	–	–
Total non current assets		240,426	263,160	236,360	295,461	295,461	–	–	294,711	311,007	317,227
TOTAL ASSETS		292,357	358,248	291,015	396,548	396,548	–	–	397,819	405,774	413,889
LIABILITIES											
Current liabilities											
Bank overdraft	1	–	–	–	–	–	–	–	–	–	–
Borrowing	4	406	282	430	182	182	430	–	185	189	193
Consumer deposits		–	–	–	–	–	–	–	–	–	–
Trade and other payables	4	19,844	23,665	4,432	20,487	20,487	–	–	20,896	21,312	21,739
Provisions		–	–	–	–	–	–	–	–	–	–
Total current liabilities		20,250	23,947	4,862	20,668	20,668	430	–	21,082	21,501	21,932
Non current liabilities											
Borrowing		454	63	488	63	63	–	–	–	–	–
Provisions		5,252	5,480	3,857	5,480	5,480	–	–	5,590	5,701	5,815
Total non current liabilities		5,706	5,543	4,346	5,543	5,543	–	–	5,590	5,701	5,815
TOTAL LIABILITIES		25,956	29,490	9,208	26,211	26,211	430	–	26,671	27,203	27,747
NET ASSETS	5	266,402	328,758	281,808	370,336	370,336	(430)	–	371,148	378,571	386,142
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		266,028	328,384	281,434	369,963	369,963	–	–	370,767	378,182	385,746
Reserves	4	374	374	374	374	374	–	–	381	389	397
TOTAL COMMUNITY WEALTH/EQUITY	5	266,402	328,758	281,808	370,336	370,336	–	–	371,148	378,571	386,142

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1.7.7 Explanatory notes to Table A7 - Budgeted Cash Flow Statement

- The budgeted cash flow statement is the first measurement in determining if the budget is funded.
- It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
- Cash and cash equivalent totals R138 893 000 as at the end of the 2017/2018.

UBUHLEBEZWE MUNICIPALITY
2016 - 2017 Financial Year
Investment Register



Institution	Acc No	Acc Type	Maturity Date	Interest Rate (% pa)	Deposits (Withdrawals)	Accumulated Investment	Interest Earned	Interest Accrued	% Per Investm	% Invested Per Bank
ABSA Bank - Small Twn Rehab.	2074566678	3 Months - Fixed Deposit	1-Apr	7.40		796,030.65	171,200.91	3,302.11	0.01	0.24
ABSA Bank - Small Twn Rehab.	2074567242	1 Month - Fixed Deposit	11-Apr	7.20		11,950,380.83	715,794.53	25,966.70	0.08	
ABSA Bank - Electrification	2075113660	1 Month - Fixed Deposit	8-Mar	7.20		11,480,436.77	696,095.02	24,945.57	0.08	
ABSA Bank	2075702582	Account closed	29-Jul	7.20		-	-	-	-	
ABSA Bank	2076191891	3 Months - Fixed Deposit	19-Apr	7.45		10,569,675.67	569,675.67	14,675.92	0.07	
First National Bank - Equit. Share	62 1438 9598 8	Call Account	29-Apr	3.15	-5,000,000.00	645,843	244,842.99	138.02	0.00	0.17
First National Bank - Equit. Share	62 2481 6621 8	Call Account	7-Apr	2.55		635,036	21,538.02	1,628.47	0.00	
First National Bank - Equit. Share	74617848129	14 days - Call Account	8-Apr	4.25		6,238,083	225,041.53	7,331.88	0.04	
First National Bank - Equit. Share	74,590,521,793	3 Months - Fixed Deposit	10-Apr	6.76		5,914,327	660,970.41	39,180.39	0.04	
First National Bank - Equit. Share	74,661,532,603	3 Months - Fixed Deposit				5,093,082	93,082.19	12,516.42	0.04	
NED Bank	7881076763 / 95	Account closed	22-Apr	7.20		-	-	-	-	0.11
NED Bank	7881076763 / 101	3 Months - Fixed Deposit	20-Apr	7.50		5,477,350	477,349.95	14,533.74	0.04	
NED Bank	7881 0767 63 / 103	3 Months - Fixed Deposit				10,000,000		26,534.25	0.07	
STD Bank - Equit. Share	068730276 - 001	1 Month - Fixed Deposit	6-Apr	2.50	5,000,000.00	5,012,974	1,754.91	21,803.00	0.03	0.19
STD Bank - Equit. Share	068730276 - 004	3 Months - Fixed Deposit	20-Apr	7.73		10,589,280	589,279.62	14,708.94	0.07	
STD Bank - Equit. Share	068730276 - 005	1 Month - Fixed Deposit	15-Apr	7.78		12,345,513	783,593.77	17,148.42	0.09	
STD Bank - Equit. Share	068730276 - 008	Account closed	13-Apr	7.25		13,748	291,872.97	26.44	0.00	
Investec - Equit. Share	50011092081	3 Months - Fixed Deposit	24-Apr			5,202,201	202,200.91	5,522.88	0.04	0.11
Investec - Equit. Share					5,000,000.00	5,000,000		13,801.37		
Investec - Equit. Share			24-Apr			10,244,913	244,912.92	65,679.72	0.07	
Ithala Bank - Equit. Share	46142189	3 Months - Fixed Deposit	16-Apr	7.55		6,083,030	337,550.00	87,395.65	0.04	0.15
Ithala Bank	46158003	1 Month - Fixed Deposit	20-Apr	7.50		5,390,019	327,813.18	8,062.88	0.04	
Ithala Bank	46159001	1 Month - Fixed Deposit	20-Apr	7.50		5,292,033	292,033.22	7,916.30	0.04	
Ithala Bank	46160727		20-Apr	7.72		5,095,178	95,177.86	30,543.15	0.04	
					5,000,000.00	139,069,132	7,041,780.58	443,362.22	0.93	0.97
First National Bank	52 5524 1619 4	Current Account	30-Apr			5,627,272	54,696	7,096,476	0.04	
Cash and Cash Equivalent					5,000,000.00	144,696,404	14,138,257		0.97	

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KZN434 Ubuhebezwe - Table A7 Budgeted Cash Flows

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		12,949	12,349	8,509	10,514	41,225	-	-	15,748	16,535	17,362
Service charges		1,478	1,454	1,603	1,521	3,493	-	-	1,991	2,090	2,195
Other revenue		1,186	1,675	116,664	4,585	9,469	-	-	35,995	37,794	39,684
Government - operating	1	71,011	80,757	88,489	90,100	95,039	-	-	99,114	104,070	109,273
Government - capital	1	28,052	60,238	17,518	64,291	58,280	-	-	47,834	104,070	104,070
Interest		3,793	5,446	3,794	3,000	7,000	-	-	7,000	7,350	7,718
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(73,797)	(75,454)	(263,023)	(102,506)	(109,361)	-	-	(119,963)	(125,961)	(132,259)
Finance charges		-	-	-	-	-	-	-	-	-	-
Transfers and Grants	1	(1,115)	(1,514)	(1,141)	(2,465)	(4,435)	-	-	(4,221)	(4,432)	(4,654)
NET CASH FROM/(USED) OPERATING ACTIVITIES		43,559	84,951	(27,586)	69,040	100,709	-	-	83,497	141,516	143,388
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		24,960	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		(34,998)	(68,457)	-	(88,188)	(65,912)	-	-	(47,834)	(50,226)	(52,737)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(10,038)	(68,457)	-	(88,188)	(65,912)	-	-	(47,834)	(50,226)	(52,737)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		(286)	(558)	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(286)	(558)	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD											
	2	33,235	15,937	(27,586)	(19,148)	34,796	-	-	35,663	91,290	90,651
Cash/cash equivalents at the year begin:	2	57,758	66,033	81,970	63,731	53,172	-	53,172	103,230	138,893	230,183
Cash/cash equivalents at the year end:	2	90,993	81,970	54,383	44,584	87,969	-	53,172	138,893	230,183	320,835

1.7.8 Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

- The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
- In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
- The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be funded
- As part of the budgeting and planning guidelines that informed the compilation of the 2017/2018 MTREF the end objective of the medium framework was to ensure the budget is funded aligned to section 18 of the MFMA.
- Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2017/2018 MTREF is funded

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KZN434 Ubuhlebezwe - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description R thousand	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash and investments available											
Cash/cash equivalents at the year end	1	90,993	81,970	54,383	44,584	87,969	–	53,172	138,893	230,183	320,835
Other current investments > 90 days		(24,960)	(0)	(9,800)	43,385	–	–	(53,172)	(49,165)	(149,065)	(238,094)
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		66,033	81,970	44,584	87,969	87,969	–	–	89,728	81,119	82,741
Application of cash and investments											
Unspent conditional transfers		11,900	14,169	–	10,169	10,169	–	–	10,373	10,580	10,792
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2										
Other working capital requirements	3	7,478	7,028	(61,241)	3,506	(18,182)	–	–	888	903	922
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		19,378	21,198	(61,241)	13,676	(8,012)	–	–	11,260	11,483	11,714
Surplus(shortfall)		46,655	60,772	105,824	74,293	95,981	–	–	78,468	69,635	71,028

1.7.9 Explanatory notes to Table A9 - Asset Management

- Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
- National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality is working towards meeting both of these recommendations but the budget for Ubuhlebezwe is adequate to secure the ongoing health of the municipality's infrastructure.
- Ubuhlebezwe municipality has resolved to utilize internal staff when renewing assets where feasible. This has also reduced the cost of renewal of assets whilst assets are still being renewed. This was done in order to ensure that assets are renewed whilst lesser budget is allocated towards renewal. The cost of renewal is therefore embedded in the salaries of staff members.

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KZN434 Ubuhebezwe - Table A9 Asset Management

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	-	279,618	18,284	-	69,605	31,647	56,378	59,197	62,157
Infrastructure - Road transport		-	96,188	6,591	-	8,832	8,832	10,728	11,265	11,828
Infrastructure - Electricity		-	27,387	172	-	30,000	-	24,000	25,200	26,460
Infrastructure - Water		-	1,748	74	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	0	(0)	-	-	-	-	-	-
Infrastructure		-	125,323	6,837	-	38,832	8,832	34,728	36,465	38,288
Community		-	88,411	6,909	-	26,093	18,053	17,195	18,054	18,957
Heritage assets		-	4,792	-	-	-	-	-	-	-
Investment properties		-	20,543	295	-	-	-	-	-	-
Other assets	6	-	39,669	4,243	-	4,579	4,662	3,995	4,195	4,405
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	881	-	-	100	100	460	483	507
Total Renewal of Existing Assets	2	-	-	-	-	462	462	26,631	27,963	29,361
Infrastructure - Road transport		-	-	-	-	-	-	16,154	16,962	17,810
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	16,154	16,962	17,810
Community		-	-	-	-	-	-	477	501	526
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	462	462	10,000	10,500	11,025
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	96,188	6,591	-	8,832	8,832	26,882	28,227	29,638
Infrastructure - Electricity		-	27,387	172	-	30,000	-	24,000	25,200	26,460
Infrastructure - Water		-	1,748	74	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	0	(0)	-	-	-	-	-	-
Infrastructure		-	125,323	6,837	-	38,832	8,832	50,882	53,427	56,098
Community		-	88,411	6,909	-	26,093	18,053	17,672	18,555	19,483
Heritage assets		-	4,792	-	-	-	-	-	-	-
Investment properties		-	20,543	295	-	-	-	-	-	-
Other assets		-	39,669	4,243	-	5,041	5,123	13,995	14,695	15,430
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	881	-	-	100	100	460	483	507
TOTAL CAPITAL EXPENDITURE - Asset class	2	-	279,618	18,284	-	70,066	32,108	83,010	87,160	91,518
ASSET REGISTER SUMMARY - PPE (WDV)										
Infrastructure - Road transport	5	-	-	-	-	8,832	8,832	199,186	204,933	210,795
Infrastructure - Electricity		-	-	-	-	30,000	30,000	48,620	48,620	48,620
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	50	50	50
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	38,832	38,832	247,856	253,603	259,465
Community		-	-	-	-	26,093	26,093	39,505	39,505	39,505
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		13,026	12,814	17,586	12,814	12,814	-	6,411	16,941	17,280
Other assets		-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		480	-	3,130	921	921	-	939	958	977
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	13,506	12,814	20,716	13,735	78,660	64,925	294,711	311,007	317,227
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		12,610	16,627	18,000	19,000	19,000	19,017	19,000	19,950	20,948
Repairs and Maintenance by Asset Class	3	-	-	-	-	-	-	4,186	4,396	4,615
Infrastructure - Road transport		-	-	-	-	-	-	1,510	1,586	1,665
Infrastructure - Electricity		-	-	-	-	-	-	150	158	165
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	1,660	1,743	1,830
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	-	-	-	-	-	-	2,526	2,653	2,785
TOTAL EXPENDITURE OTHER ITEMS		12,610	16,627	18,000	19,000	19,000	19,017	23,186	24,346	25,563
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	0.0%	0.7%	1.4%	32.1%	32.1%	32.1%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	0.0%	2.4%	2.4%	140.2%	140.2%	140.2%
R&M as a % of PPE		0.0%	0.0%	26.0%	0.0%	0.0%	0.0%	1.5%	1.5%	1.5%
Renewal and R&M as a % of PPE		0.0%	0.0%	0.0%	0.0%	1.0%	1.0%	10.0%	10.0%	11.0%

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1.7.10 Explanatory notes to Table A10 - Basic Service Delivery Measurement

- Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services. The Municipality continues to make good progress with the eradication of backlogs:
- The number of household registered for indigent in 2017/2018 is expected to increase therefore entitled to receiving Free Basic Services, this is covered by municipality's equitable share.

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KZN434 Ubuhebezwe - Table A10 Basic service delivery measurement

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Household service targets	1									
Water:										
Piped water inside dwelling		-	-	-	-	-	-	3,133	3,290	3,454
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	10,035	10,537	11,064
Using public tap (at least min.service level)	2	-	-	-	-	-	-	2,394	2,514	2,639
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>								15,562	16,340	17,157
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	10,670	11,204	11,764
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>								10,670	11,204	11,764
Total number of households	5	-	-	-	-	-	-	26,232	27,544	28,921
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	1,857	1,950	2,047
Flush toilet (with septic tank)		-	-	-	-	-	-	2,861	3,004	3,154
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	1,556	1,634	1,715
Other toilet provisions (> min.service level)		-	-	-	-	-	-	6,488	6,812	7,153
<i>Minimum Service Level and Above sub-total</i>								12,762	13,400	14,070
Bucket toilet		-	-	-	-	-	-	1,766	1,854	1,947
Other toilet provisions (< min.service level)		-	-	-	-	-	-	5,486	5,760	6,048
No toilet provisions		-	-	-	-	-	-	6,217	6,528	6,854
<i>Below Minimum Service Level sub-total</i>								13,469	14,142	14,850
Total number of households	5	-	-	-	-	-	-	26,231	27,543	28,920
Energy:										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>								-	-	-
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>								-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Refuse:										
Removed at least once a week		-	-	-	1,346	-	-	1,346	1,413	1,484
<i>Minimum Service Level and Above sub-total</i>					1,346	-	-	1,346	1,413	1,484
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	1	-	-	1	1	1
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>					1	-	-	1	1	1
Total number of households	5	-	-	-	1,347	-	-	1,347	1,414	1,485
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)										
Total cost of FBS provided		-	-	-	-	-	-	-	-	-
Highest level of free service provided per household										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		6,590	7,587	-	-	-	-	-	6,600	6,930
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other										
Total revenue cost of subsidised services provided	6	6,590	7,587	-	-	-	-	-	6,600	6,930

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PART 2

2.1 OVERVIEW OF ANNUAL BUDGET PROCESS

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Executive Committee members, the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Mayor.

The primary aims of the Budget Steering Committee are to ensure:

- That the process followed to compile the budget complies with legislation and good budget practices;
- That there is proper alignment between the policy and service delivery priorities set out in the municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- That the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- That the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.
- The budget is further interrogated by the Executive Committee, Finance Committee and Management Committee during a strategic planning session.

2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH INTERGRATED DEVELOPMENT PLAN

The municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the newly developed IDP

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includes the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The details of all revenue, operational expenditure and capital expenditure which are aligned to the goals and action plans in the Integrated Development Plan are outlined in the supporting documentation **S4 to S6**

2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

Borrowing Management

The municipality currently does not have external borrowings. The municipality's credit worthiness has not been assessed; however there are no plans to utilize this facility in the next two years

Debtors and Creditor's Management

Creditors are paid twice a month in order to cater for SMME's and in order to avoid late payments thereby incurring interests.

The Credit Control and Debt collection policy was adopted in order to tighten up debt collection. Furthermore, the municipality utilizes services of debt collectors to collect from all defaulting debtors.

2.4 OVERVIEW OF BUDGET RELATED-POLICIES

The municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

- Credit Control and debts Collection policies
- Asset Management Policy
- Budget Policy
- Supply Chain Management Policy
- Virement Policy

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- Cash Management and Investment Policy
- Property Rate Policy
- Indigent Policy
- Subsistence & Travel Policy
- Leave Policy

All the above policies are available on the municipality's website.

2.5 OVERVIEW OF BUDGET ASSUMPTIONS

The Final budget was prepared in accordance with guidelines and assumptions as outlined in Municipal Budget and Reporting Regulations, taking into consideration the following aspects:

- National budget assumptions, guidelines and projections;
- Alignment with national and provincial priorities;
- Headline inflation and gross domestic products forecasts; and
- Revenue assumptions with regard to grants allocation in terms of revised DORA.
- Anticipated own revenue from rates and services charges, sundry charges and other revenues and affordability of ratepayers and consumers services;
- The ability of municipality to collect revenue (payment level);
- Operating expenditure cost drivers and growth thereof;
- Capital budget funding model;
- Protecting the poor by ensuring access to basic services

2.6 OVERVIEW OF BUDGET FUNDING

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from grant funding. Other funding is derived from Property rates, drivers licences, investments, rentals and operating and capital grants and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

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- Growth in the municipal area and economic development;
- Revenue management and enhancement;
- National Treasury guidelines;
- Achievement of full cost recovery of specific user charges;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels such as Town planning.

2.7 ANNUAL BUDGETS AND SDBIPs –INTERNAL DEPARTMENT

2.8 CONTRACTS HAVING BUDGETARY IMPLICATIONS

The municipality does not have contracts that go beyond the current Final budget year and the two outer years.

In terms of the municipality's supply chain management policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the bid evaluation and adjustment committees must obtain formal financial comments from the Financial Management Division of the Budget and Treasury Office Department.

2.9 LEGISLATION COMPLIANCE STATUS

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

- **Internship programme**

The Municipality is participating in the Municipal Financial Management Internship programme and has employed interns undergoing training in various divisions of the Financial Services Department.

- **Budget and Treasury Office**

The Budget and Treasury Office has been established in accordance with the MFMA.

- **Audit Committee**

An Audit Committee has been established and is fully functional.

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- **Annual Report**

Annual report is compiled in terms of the MFMA and National Treasury requirements.

2.10 MUNICIPAL MANAGER'S QUALITY CERTIFICATE

Budget and Treasury Department
